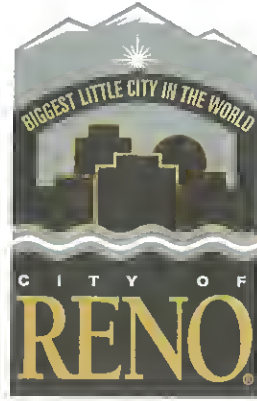


PUBLIC WORKS DEPT.
1 East 1st Street
PO Box 1900
Reno, NV 89505
(775) 334-2350



John Flansberg, P.E.
Director of Public Works

March 13, 2013

VIA ELECTRONIC-DELIVERY

Kane B. Dutt, CEO
Secure Storage Technologies LLC
dba Curb System, LLC
241 Ridge St, Suite 212
Reno, NV 89501

Re: Purchase and Maintenance Agreement dated December 8, 2010.

Dear Mr. Dutt:

Curb System (SST) is hereby notified of the following pursuant to City Council's direction given November 7, 2012 and reaffirmed March 13, 2013.

A. Curb System is being provided the Notice of Termination pursuant to Article I.A.7 and Article V.L. as the parking system has failed to substantially perform to the satisfaction of the City for the following reasons:

1. One working Kiosk is not a reasonable standard and is not acceptable. A customer should be able to pay at the Kiosk which is closest to the parking space.⁵
2. One working available method of payment at a Kiosk is unacceptable to the City unless the customer is notified via the kiosk of a payment method being unavailable and to use another kiosk for that payment option.^{1, 5}
3. The push enforcement system does not provide assurance that a citation is not issued falsely; which informs an enforcement officer that a Kiosk is down for reasons other than communication (blank screen or windows operating error message) such as a malfunctioning keypad, coin or credit card acceptance.²

Therefore, Curb System (SST) has 120 calendar days (July 12, 2013) from the receipt of this Notice to modify the system to correct the above failures to the satisfaction of the City or the City will invoke the contract provision as to the removal of the system and restoration of the City's property to its original condition at Curb System's sole cost and expense.

B. Curb System is being provided the Notice of Termination based on default or breach of contract pursuant to Article IV.C.ii.a. of the Purchase and Maintenance Agreement for the following reasons. Curb System is in default and breach of the agreement in that Curb System has failed:

1. To provide a complete working payment system which shall at a minimum include U.S. coins (nickels, dimes, and quarters), charge cards, merchant validation, permits, subscriptions, and phone access. Said system shall also include the ability to pay parking fines through the parking kiosk, phones, or Internet browsers.¹
2. To provide the sensor parking space monitoring system which includes parking sensors for 1200 on-street parking spaces for direct enforcement. Only 230 spaces are currently covered by the sensors. All spaces must be covered by the sensor for parking enforcement.^{2, 20}

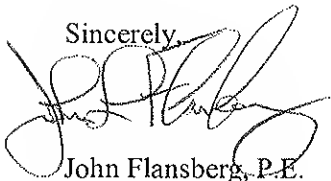
3. In the guarantee –“In no event will SST’s fees cause the City’s annual net revenues to fall below their current level.”¹⁵ The City is demanding payment of the shortfall of \$613,882. (see attachment A)
4. To provide a Performance Bond to guarantee the faithful performance of the work, for warranty performance of the system, for removal of the system and restoration of City property.²¹
5. To provide a maximum of 121 standard Curb Kiosks to serve 1200 parking spaces²⁰ (see attachment B for recommended remaining Kiosk installation). The remaining Kiosks must be installed at the locations identified.
6. To provide a system which allows remote settings by the City or Curb System.³
7. To provide a system that “zeros out” remaining time.⁴
8. To provide to the City the Certificate of PCI compliance and to obtain the third party audit of PCI compliance.⁸
9. To provide to City a detailed timeline, milestones and action plan.¹⁸
10. To provide the City access to Curb’s Central Office.^{16, 22}
11. To maintain (prior to project substantial completion) parking space markings (paint has faded and space numbers are difficult to read).⁹
12. To provide to City information as to electrical connections and monthly electrical costs for Curb system.¹⁷
13. To provide public relations design and consulting services.⁷
14. To provide remote overtime notification (text messaging).¹⁰
15. To provide information as to meter and battery status.¹¹
16. To provide time of day pricing (parking management data).¹²
17. To provide parking forecast models (parking occupancy data).¹³
18. To provide inventory data.¹⁴
19. To provide City with 5% spare parts for equipment.²⁰
20. To provide a bike storage and dispensing system.⁶
21. To comply with the requirements for inspections and audits.²²
22. To turn over the collected coin deposits from the parking system to the City per written request provided on February 27, 2013.²³
23. To provide and maintain kiosk pay stations in a professional manner and appearance free of graffiti or other visual defects.²⁴

Therefore, Curb System (SST) has 120 calendar days (July 12, 2013) from the receipt of this Notice to provide evidence, satisfactory to the City, which shows that the declared defaults and breaches set forth above have been corrected.

Please be advised that, at this time, no phase of the installation has been accepted by the City.

The City reasserts and does not waive all its rights and remedies as to defaults and breaches previously alleged.

Sincerely,



John Flansberg, P.E.
Director of Public Works

cc: Andrew Clinger, City Manager
Kate Thomas, Director, Office of Management and Budget
Susan Rothe, Deputy City Attorney
Creig Skau, Deputy City Attorney

Footnotes

- 1 *Purchase and Maintenance Agreement, (I)(A)(1).*
Dist. 1 Parking Meter Replacement Proposal (I)(1.02-1.06, 1.11).
Dist. 1 Parking Meter Replacement Proposal (IV)(2.0-3.0).
- 2 *Purchase and Maintenance Agreement, (I)(A)(2).*
Request for Proposals and Response.
Dist. 1 Parking Meter Replacement Proposal Attachment H.
Dist. 1 Parking Meter Replacement Proposal (I)(3.0-5.08).
Purchase and Maintenance Agreement Exhibit 1.
- 3 *Purchase and Maintenance Agreement, (I)(A)(4).*
Request for Proposals and Response.
Dist. 1 Parking Meter Replacement Proposal (I)(2.02).
Dist. 1 Parking Meter Replacement Proposal (I)(2.0).
- 4 *Purchase and Maintenance Agreement, (I)(A)(4).*
Request for Proposals and Response.
Dist. 1 Parking Meter Replacement Proposal (I)(6.0).
- 5 *Purchase and Maintenance Agreement, (I)(A)(7).*
RFP Addendum #1, Response 1.3.
Purchase and Maintenance Agreement, (V)(L).
Dist. 1 Parking Meter Replacement Proposal (I)(10.032).
- 6 *Purchase and Maintenance Agreement, (I)(A)(8).*
Purchase and Maintenance Agreement, (II)(B)(ii-iii).
Dist. 1 Parking Meter Replacement Proposal (I)(10.01).
Dist. 1 Parking Meter Replacement Proposal (IV)(4.0).
Dist. 1 Parking Meter Replacement Proposal Attachment H.
- 7 *Purchase and Maintenance Agreement, (I)(A)(9).*
- 8 *Request for Proposals and Response.*
- 9 *RFP Addendum #2, Response 5.*
- 10 *Dist. 1 Parking Meter Replacement Proposal (I)(1.07).*
Dist. 1 Parking Meter Replacement Proposal (IV)(2.0).
- 11 *Dist. 1 Parking Meter Replacement Proposal (I)(2.04).*
- 12 *Dist. 1 Parking Meter Replacement Proposal (I)(2.05).*
- 13 *Dist. 1 Parking Meter Replacement Proposal (I)(5.07).*
- 14 *Dist. 1 Parking Meter Replacement Proposal (I)(5.08).*
- 15 *Dist. 1 Parking Meter Replacement Proposal (I)(10.03).*
- 16 *Dist. 1 Parking Meter Replacement Proposal (IV)(1.0).*
Dist. 1 Parking Meter Replacement Proposal Attachment H.
- 17 *Dist. 1 Parking Meter Replacement Proposal (V)(5.0).*
- 18 *Dist. 1 Parking Meter Replacement Proposal (V)(7.0).*
- 19 *Dist. 1 Parking Meter Replacement Proposal (VII)(3.0).*
- 20 *Purchase and Maintenance Agreement Exhibit I.*
- 21 *Purchase and Maintenance Agreement (I)(A)(7) and (I)(A)(15).*
- 22 *Purchase and Maintenance Agreement (II)(C)(ii).*
- 23 *Purchase and Maintenance Agreement (II)(A) and Exhibit 2.*
- 24 *Purchase and Maintenance Agreement (V)(L).*

Attachment A

Secure Storage Technologies, LLC dba Curb System, LLC Revenue Guarantee to City of Reno

10.031 Guarantee One: In no event will SST's fees cause the City's annual net revenues to fall *below their current level*.

The agreed annual net revenue figure between the Company and the City is \$335,000.

In Fiscal Year 2011-12; the City's net revenue was \$66,111*. Therefore the guarantee would be in effect with the Company owing the City $\$335,000 - \$66,111 = \$268,889$.

In Fiscal Year 2012-13 to date (July 1, 2012 through January 31, 2013); the City's net revenue is $<\$149,576>^*$ (revenue is not covering cost). Therefore the guarantee would be in effect with the Company owing the City $\$335,000 \times 7\text{months}/12\text{ months} - <\$149,576> = \$344,993$.

Total shortfall in revenues owed to the City to date = \$613,882.

*The City does not have record of coin payments from January 2012 to current, therefore, this revenue has not been included in the figures above. The City requested payment from the Company and was denied.

[illegible]

Block Face:	WEST	Space Numbers	Kiosk No.:	8	Block Face:	EAST	Space Numbers	Kiosk No.:	RECOMMEND	Block Face:	NORTH	Space Numbers	Kiosk No.:	30
1108	1109	1110	1111	1112	1137	1138	1139	1140	1141	1117	1118	1119	1120	1121
1113	1114	1115	1116		1142	1143	1144			1122	1123			
Street Name:	LIBERTY				Street Name:	LIBERTY				Street Name:	RIDGE			
Cross Streets:	SIERRA				Cross Streets:	HILL				Cross Streets:	ARLINGTON			
Block Face:	NORTH				Block Face:	NORTH				Block Face:	SOUTH			
2025	2026	2027	2028		2210	2211	2212	2213	2214	2151	2152	2153	2154	2155
					2215	2216	2217	2218	2219L	2156	2157	2158		
Street Name:	RIDGE				Street Name:	RIDGE				Street Name:	RIDGE			
Cross Streets:	FLINT				Cross Streets:	HILL				Cross Streets:	SIERRA			
Block Face:	SOUTH				Block Face:	SOUTH				Block Face:	NORTH			
2127	2128	2129	2130	2131	2035	2036	2037	2038	2039	2044	2045	2046	2047	2048
2132	2133	2134	2135		2040	2041	2042	2043		2049	2050			
Street Name:	RIDGE				Street Name:	RIDGE				Street Name:	RIDGE			
Cross Streets:	HILL				Cross Streets:	HILL				Cross Streets:	SIERRA			
Block Face:	NORTH				Block Face:	NORTH				Block Face:	WEST			
2099	2100	2101	2102	2103	2144	2145	2146	2147	2148	2089	2090	2091	2092	2093
2104	2105	2106L	2107L	2108	2149	2150				2094	2095	2096	2097L	2098
Street Name:	HILL				Street Name:	HILL				Street Name:	HILL			
Cross Streets:	RIDGE				Cross Streets:	RIDGE				Cross Streets:	COURT			
Block Face:	WEST				Block Face:	EAST				Block Face:	EAST			
2136	2137	2138	2139	2140	2029	2030	2031	2032	2033	2051	2052	2053	2054	2055
2141	2142	2143			2034					2056	2057	2058		
Street Name:	FLINT				Street Name:	FLINT				Street Name:	SIERRA			
Cross Streets:	COURT				Cross Streets:	COURT				Cross Streets:	LIBERTY			
Block Face:	WEST				Block Face:	EAST				Block Face:	WEST			
2117	2118	2119	2120	2121	2109	2110	2111	2112	2113	1052	1053	1054	1055	1056
2122	2123	2124	2125	2126	2114L	2115L	2116L							
Street Name:	SIERRA				Street Name:	ARLINGTON				Street Name:	ARLINGTON			
Cross Streets:	LIBERTY				Cross Streets:	1ST				Cross Streets:	2ND			
Block Face:	EAST				Block Face:	EAST				Block Face:	EAST			
1045	1046	1047	1048L	1049L	3242L	3243L	3244L	3245	3246	3250	3251	3252	3253	3254
1050	1051				3247	3248				3255	3256	3257		
Street Name:	ARLINGTON				Street Name:	ARLINGTON				Street Name:	ARLINGTON			
Cross Streets:	3RD				Cross Streets:	4TH				Cross Streets:	5TH			
Block Face:	EAST				Block Face:	EAST				Block Face:	EAST			
3282	3283	3284	3285	3286	4200	4201	4202	4203	4204	4219	4220	4221	4222	4223
3287	3288	3289	3290	3291	4205	4206	4207	4208	4209	4224	4225	4226	4227	4228

Block Face:	EAST	Space Numbers	Kiosk No.: RECOMMEND	Block Face:	EAST	Space Numbers	Kiosk No.: RECOMMEND	Block Face:	NORTH	Space Numbers	Kiosk No.:
	1082	1083		1084	1085	1086		2311L	2312	2313	2314
								2316	2317	2318	2319
Street Name:	1ST			Street Name:	2ND			Street Name:	2ND		
Cross Streets:	LAKE			Cross Streets:	LAKE			Cross Streets:	LAKE		EVANS
Block Face:	SOUTH			Block Face:	NORTH			Block Face:	SOUTH		Kiosk No.: 65
2300	2301	2302	2303	2304	2325	2326		3184	3185	3186	3187
2305	2306	2307	2308	2309				3189			
2310											
Street Name:	2ND			Street Name:	MILL			Street Name:	MILL		
Cross Streets:	LAKE		EVANS	Cross Streets:	VIRGINIA			Cross Streets:	VIRGINIA		CENTER
Block Face:	NORTH		Kiosk No.: 62	Block Face:	SOUTH			Block Face:	NORTH		Kiosk No.: 16
MISSING	MISSING	MISSING	MISSING	MISSING	1327	1328	1329	1343	1344	1345	1346
					1331	1332	1333	1348	1349	1350	1351
					1336	1337	1338	1353	1354	1355	1356
					1341	1342		1358	1359		1357
Street Name:	VIRGINIA			Street Name:	VIRGINIA			Street Name:	COMMERCIAL ROW		
Cross Streets:	1ST		COURT	Cross Streets:	MILL		FIRST	Cross Streets:	VIRGINIA		CENTER
Block Face:	WEST		Kiosk No.: 17	Block Face:	EAST		Kiosk No.: 24	Block Face:	SOUTH		Kiosk No.: 54
1156	1157	1158	1159	1160	1171	1172	1173	3407	3408	3409	3410
1161	1162	1163	1164	1165				2412	2413	2414	2415
1166	1167	1168	1169	1170							2416
Street Name:	COMMERCIAL ROW			Street Name:	COMMERCIAL ROW			Street Name:	COMMERCIAL ROW		
Cross Streets:	VIRGINIA		CENTER	Cross Streets:	CENTER		LAKE	Cross Streets:	CENTER		LAKE
Block Face:	NORTH		Kiosk No.: NONE	Block Face:	SOUTH		Kiosk No.: NONE	Block Face:	NORTH		Kiosk No.: 64
3417	3418	3419	3420	3421	3446	3447	3448	3426	3427	3428	3429
2422	2423	2424	2425	2426	3451	3452	3453	3431	3432	3433	3434
								3436	3437	3438	3439
								3441	3442	3443	3444
											3445
Street Name:	5TH			Street Name:	5TH			Street Name:	5TH		
Cross Streets:	VIRGINIA		CENTER	Cross Streets:	LAKE			Cross Streets:	LAKE		CENTER
Block Face:	SOUTH		Kiosk No.: RECOMMEND	Block Face:	SOUTH		Kiosk No.: 78	Block Face:	NORTH		Kiosk No.: RECOMMEND
4582L	4583	4584	4585		NONE			4567	4568	4569	4570
								4572	4573	4574	4571
Street Name:	5TH			Street Name:	SIXTH			Street Name:	RYLAND		
Cross Streets:	CENTER		VIRGINIA	Cross Streets:	ARLINGTON		NEVADA	Cross Streets:	CENTER		VIRGINIA
Block Face:	NORTH		Kiosk No.: RECOMMEND	Block Face:	SOUTH		Kiosk No.: 68	Block Face:	NORTH		Kiosk No.: 1
4576	4577	4578	4579	4580	4523	4524	4525	1001	1002	1003	1004
4581					4528	4529	4530	1006	1007	1008	1009
					4533	4534	4535	1011	1012	1013	1010
					4538	4539	4540	1016	1017	1018	1015
								1019	1019	1019	1020

[illegible]